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SUBJECT: FRAUD SUMMARY - TALLINN: SEPT 2008 TO FEB 2009

REF: A) 07 TALLINN 280 B) 07 STATE 83571 C) TALLINN 57

11. COUNTRY CONDITIONS: Economic growth in Estonia, previously running at over 10 percent per year, has ground to a halt in the wake of the global economic crisis and is expected to contract sharply in 2009, falling to perhaps as much as negative 9 percent. The Estonian government (GoE) has already cut its budget once, and experts anticipate further cuts in the coming months as the Estonian economy slows. Inflation, registering at 10.4 percent for the fiscal year 2008, has compounded the crisis (although economists note that Estonia's inflation is dropping, which - somewhat paradoxically - helps Estonia's case for admission to the Eurozone). Estonia is also witnessing statistically significant unemployment, 7.6 percent, for the first time in years. Unemployment is more notable in the Russian-speaking northeastern parts of the country. Adding to these worries, rumors persist that Estonia's Baltic neighbors, Latvia and Lithuania, may be forced to devalue their currencies in the coming months, which would put further pressure on Estonia to devalue the kroon. A devaluation, were it to occur, would result in extreme hardship for a bulk of Estonia's population, and the GoE rejects repeatedly devaluation as a policy option. Despite public concern over economic conditions, Estonia has so far avoided the kinds of public protests recently witnessed in Latvia and Lithuania.

A large Russian-speaking minority (approximately 30 percent of the population) resides in Estonia, primarily concentrated in the northeast of the country and in a few larger population centers such as Tallinn and, to a lesser extent, Tartu. Significant divisions between the Russian-speaking minority and the Estonian majority remain, as evidenced by the disturbances that followed the GoE's decision to relocate a Soviet-era, World War II Memorial in April 2007 (reftel A). Integration issues (that is the inclusion of the Russian-speaking minority into the Estonian mainstream) remain a priority for the GoE and a topic of public debate.

Presently, approximately 105,000 persons in Estonia are considered stateless and travel on Estonian-issued "alien passports." These gray passports accord some travel privileges to EU and Schengen countries but not the same as those guaranteed to Estonian passports. The number of stateless persons has been decreasing, although a recent regulation in Russian law, allowing stateless passport holders from Estonia to travel visa-free to Russia, may slow this process.

Estonia's accession to the Visa Waiver Program (VWP) on November 17, 2008, has dramatically affected Embassy Tallinn's NIV numbers and will have a direct impact on our fraud outlook over the coming years. Where Estonian citizens previously made up the bulk of Post's NIV work, Russian citizen residents of Estonia and gray (stateless alien) passport holders now constitute a much greater percentage of Post's NIV applicants. Post expects non-Estonian applicants and applicants for special visa classes such as J1 or C1/D to dominate the NIV workload over the coming months. Estonia

has issued machine-readable passports since February 2002, photo-digitized passports since May 2005 and E-passports with biometric data chips since May 2007. Alien passports are made to the same standard as the Estonian citizen passports.

The volume of Estonian travel to the United States is relatively low, due largely to the country's small population, and the relatively small Estonian-American population in the United States. Moreover, the global economic crisis and a strengthening dollar have weakened Estonian appetites for travel to the U.S. Estonia has a small but active American Chamber of Commerce which recently established a Discover America committee to coordinate promotion of U.S. tourist destinations. However, no direct, commercial flights exist between Estonia and the United States. That said, an Estonian travel agency took advantage of a temporary glitch in the worldwide airline reservation system in late August 2008 to offer round-trip flights to the United States (including multiple stops in the U.S.) for the equivalent of only USD 400. This led to a surge of travel bookings for late 2008 and early 2009.

(SBU) NB: As of March 30, 2008 Estonia is a fully integrated member of the Schengen area. The transition has passed smoothly, though some worry that a lack of human capital in the border guard will undermine the country's ability to police its borders. As of February 2009, budgetary restraints have forced the GoE to impose a hiring moratorium in all of its Defense Forces and Border Guard units. How this will affect Estonia's border integrity in the short-term remains to be seen. GoE officials, however, express confidence that the customs and border protection agencies retain satisfactory control over mala fide travelers to Estonia.

¶2. NIV FRAUD: No significant changes from the previous fraud summary. Post continues to verify suspicious applicant-provided

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information using various online resources, including but not limited to Lexis-Nexis, CCD, and Estonian search mechanisms to verify personal, financial and business information. While no significant NIV fraud was detected, Post continues to encounter applicants trying to obtain visas using false pretenses and illegitimate contact data.

Consular Section FSNs regularly review local newspapers to seek names of persons engaged in crime or other illicit activities, so that lookouts can be entered into CLASS. These efforts regularly pay off. For example, information found in a newspaper article detailing an Estonian rock group's tour of the United States led the Section to determine that the group was playing illegally on B1/B2 visas and may have misrepresented their cases during the interview process. The Section has also been able to uncover names tied to a high-profile espionage case affecting Estonia and NATO.

¶3. IV FRAUD: To date, no fraud has been detected among IV applicants in Tallinn. Post began full IV and DV processing in May 2007.

¶4. DV FRAUD: See above regarding IV fraud.

¶5. ACS AND PASSPORT FRAUD: None detected since previous fraud summary.

¶6. ADOPTION: No change from previous fraud summary.

¶7. DNA TESTING: Post has not seen any cases meriting the use of DNA testing.

¶8. ASYLUM AND OTHER DHS FRAUD: No changes from previous fraud summary.

¶9. ALIEN SMUGGLING, TRAFFICKING, ORGANIZED CRIME, TERRORIST TRAVEL: Russian and Estonian organized crime groups exist in Estonia. However, Post has no evidence that members of organized crime groups or terrorist organizations have applied for U.S. visas over the last 6 months. Moreover, there is no evidence of individuals being trafficked to or smuggled to the United States. Literature about the dangers of trafficking and human smuggling is available for applicants in the consular waiting room. The Consular Section, in

cooperation with our Regional Security Office and Political-Economic section, regularly interact with Estonian law enforcement entities to follow up on these issues.

¶10. DS CRIMINAL FRAUD INVESTIGATIONS: DS has no ongoing criminal fraud investigations at Post.

¶11. HOST COUNTRY PASSPORT, IDENTITY DOCUMENTS, AND CIVIL REGISTRY: As part of the process to determine Estonia's eligibility for the VWP, the Department of Homeland Security (DHS) sent a team to Estonia to evaluate the GoE's immigration and border control mechanisms. DHS determined that the GoE's citizenship and nationality operations were fundamentally sound. However, as noted in section 12, Post continues to liaise with the GoE to make its citizenship and nationality procedures even more secure. No evidence of fraud within these institutions has been noted since DHS' visit.

¶12. COOPERATION WITH HOST GOVERNMENT AUTHORITIES: Host country security services continue to provide information about persons and businesses with potentially criminal elements. Post continues to see NIV applicants whose potential ineligibilities would not be uncovered without this ongoing information sharing. Additionally, the GoE continues to feed data into Post's fully automated reporting of Estonian lost and stolen passports (reftel B).

(SBU): Estonia joined the VWP on November 17, 2008. Embassy Tallinn is holding discussions with the Estonian Ministry of Interior to implement a series of recommendations coming out of a Department of Homeland Security review of Estonia's immigrations controls, carried out in April 2008. The MoI has displayed a willingness to work with the USG on these issues.

¶13. AREAS OF PARTICULAR CONCERN: With Estonia now part of the Schengen zone and the VWP, there is concern that third country nationals will try to use fraudulent Estonian travel documents to enter other Schengen countries and/or the United States. There has been no evidence of this to date. These concerns may be overcome, in the short-term, as the global economic crisis impacts immigration patterns worldwide.

¶14. STAFFING AND TRAINING: The Consular Section consists of two officers and two FSNs. A Consular Assistant will begin working for the Section in March 2009. Everyone assists with fraud prevention work. Both officers have completed PC-541 Fraud Prevention for Consular Managers.

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